

December 20, 2017

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VIA ECFS

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: *In re Connect America Fund*, WC Docket 10-90

Dear Ms. Dortch:

On December 18, 2017, Dave Allen, Vice President of Regulatory Compliance and Community Development, Midwest Energy & Communications; Michael Romano, Senior Vice President – Industry Affairs & Business Development, NTCA–The Rural Broadband Association; Brian O’Hara, Senior Director, Regulatory Issues, National Rural Electric Cooperative Association (NRECA); Brett Kilbourne, Vice President, Policy and General Counsel, Utilities Technology Council (“UTC”) (via phone); Mark McKinney, Treasurer, Jackson County Rural Electric Membership Corporation (via phone); Jason Strong, Manager of Engineering, North Arkansas Electric Cooperative Inc. (via phone); Andy Burger, General Manager and Vice President of Operations, Co-Mo Electric Cooperative, Inc. (via phone); and the undersigned of Jenner & Block LLP representing Midwest Energy & Communications, the Association of Missouri Electric Cooperatives, HomeWorks, Alger Delta & Great Lakes Energy, Indiana Electric Cooperatives, and Arkansas Electric Cooperatives, Inc. (collectively the Rural Coalition) met with Thomas Parisi, Kirk Burgee, and Michael Janson of the Federal Communications Commission’s (“Commission”) Rural Broadband Auctions Task Force; and Scott Mackoul, Angela Kung, Mark Montano, Valerie Barrish, and Margaret Wiener of the Wireless Telecommunications Bureau; and Heidi Lankau of the Wireline Competition Bureau. In a separate meeting, Mike Romano, Brian O’Hara, and the undersigned met with Nicholas Degani, Chairman Pai’s Senior Counsel.

In the meetings, we reiterated that the Commission should take reasonable steps to help ensure all bidders can meet their applicable speed and latency tiers before participating in the Connect America Fund (“CAF”) Phase II Auction.<sup>1</sup> In particular, we encouraged the

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<sup>1</sup> See Letter from Rebekah Goodheart et al., to Marlene H. Dortch, Secretary, FCC, WC Docket 10-90 (Nov. 21, 2017).

Commission to require all providers, irrespective of technology, to submit network maps showing coverage and propagation with their short-form applications. We noted that the submission of such maps at the long-form stage is too late and insufficient to address concerns about accountability and capability to meet the requisite speed and latency tiers.<sup>2</sup> We also reiterated that the Commission should not risk scarce universal service resources on speculative, unproven uses of technologies and should also ensure that entities are financially qualified to build and maintain networks in rural, high cost areas.<sup>3</sup> Absent adequate protections, unqualified entities could win support and ultimately fail to deliver on their commitments, thus undermining the Commission's goals of closing the digital divide and meeting its universal service mandate.

We also discussed our concerns that the complexity of the CAF Phase II Auction could deter participation by smaller providers. In particular, we reiterated concerns that package bidding not only increases the complexity of the Auction but may favor larger providers.<sup>4</sup> In addition, the Rural Coalition expressed concern that the CAF Phase II Auction could result in a significant fraction of the budget not being spent and eliminating package bidding could help ameliorate this concern.<sup>5</sup> The Rural Coalition urged the Commission to make every effort to simplify the CAF Phase II Auction and eliminate package bidding.

If package bidding is not eliminated, we encouraged the Commission to take significant measures to mitigate such concerns. In particular, if package bidding is permitted, the Commission should limit the size of any package bidding to a group of census block groups that equal a county or smaller. In addition, the Commission should reduce the minimum scale percentage from a proposed 80 percent to a lower figure, such as 50 percent, to strike a more appropriate balance between encouraging bids for scaled projects as well as smaller geographic areas. While we continue to have concerns about package bidding generally, taking measures to reduce both the geographic size of a package bid and the minimum scale percentage are necessary to help mitigate the potential for gaming and impact of package bidding on smaller providers.

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<sup>2</sup> *Id.* at 2.

<sup>3</sup> *Id.* at 5-8.

<sup>4</sup> See Reply Comments of the Rural Coalition, *In re Connect America Fund*, AU Docket No 17-182, WC Docket No 10-90, at 3-6 (Oct. 18, 2017).

<sup>5</sup> See Comments of the Rural Coalition, *In re Connect America Fund*, AU Docket No 17-182, WC Docket No 10-90, at 12-15 (Sept. 18, 2017).

Please contact me if you have any questions regarding these matters.

Sincerely,

/s/ Rebekah P. Goodheart

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*Counsel for Midwest Energy &  
Communications, the Association of  
Missouri Electric Cooperatives,  
HomeWorks, Alger Delta & Great Lakes  
Energy, Indiana Electric Cooperatives, and  
Arkansas Electric Cooperatives, Inc.*

cc: Valerie Barrish  
Kirk Burgee  
Nicholas Degani  
Michael Janson  
Angela Kung  
Heidi Lankau  
Scott Mackoul  
Mark Montano  
Thomas Parisi  
Margaret Wiener